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# The UC Investments Way

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# The 10 Pillars

## 1. Less is More



## 2. Risk Rules



## 3. Concentrate



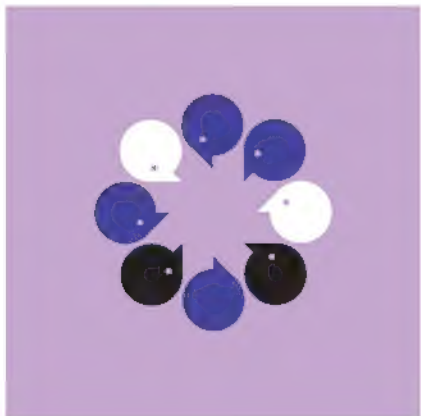
## 4. Creativity Pays



## 5. Build Knowledge



## 6. Team Up



## 7. What makes UC, UC



## 8. Perfect Alignment

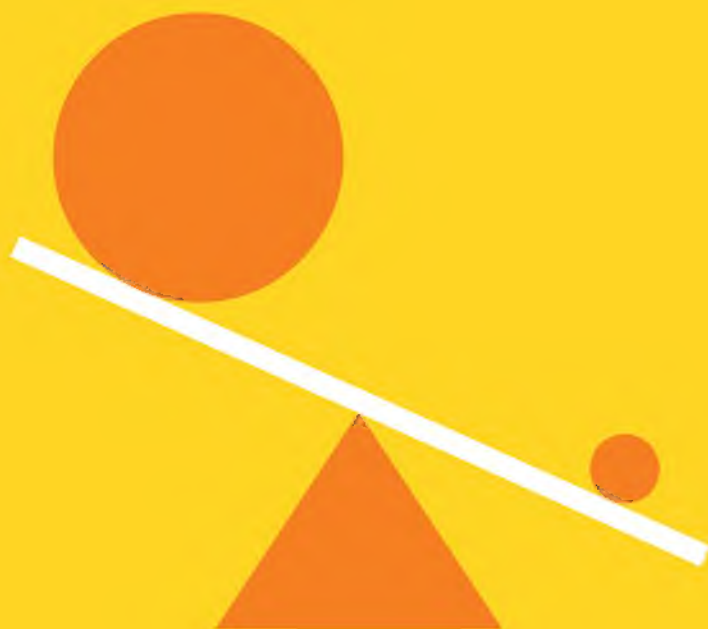


## 9. Human Meets Machine



## 10. Centennial Performance





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## 1. Less is more

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**“You have to work hard to get your thinking clean to make it simple. But it’s worth it in the end because once you get there, you can move mountains.”**

***Steve Jobs***

We believe in high-performance teams working collaboratively to manage a concentrated portfolio of high-quality assets. That’s why we are working actively to reduce the number of decisions we have to make, the number of line items in our portfolio and the number of external managers we use. The result is an agile, world-class team with a laser focus on the areas where we can outperform the market.



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## 2. Risk rules

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**“In investing, what is comfortable is rarely profitable.”**

***Robert Arnott***

We are working to shift the culture of UC Investments so that everyone on our team becomes a risk manager. We're also allocating our assets according to the risk factors that drive returns to create more diversity and generate more return per unit of risk. Formalizing our expectations around risk will enable us to assess a single portfolio while also respecting the changing nature of each of our product lines' risks.





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### 3. Concentrate

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**“Wide diversification is only required when investors do not understand what they are doing.”**

*Warren Buffett*

We are working to construct portfolios from a concentrated set of assets that we understand deeply, as opposed to holding many assets that we barely understand, that cost us more to manage and that are passively replicable. By reducing the number of investments in our portfolios, we believe we can reduce unwanted risks and increase desired returns, while balancing the need to be proactive with the need to adhere to the diligence requirements of our organization.

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## 4. Creativity pays



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**“The person who goes farthest is generally the one who is willing to do and dare. The sure-thing boat never gets far from shore.”**

*Dale Carnegie*

We are focused on developing competitive portfolios, even if, at times, that means taking an unconventional or uncomfortable stance. One way we are building a culture of innovation is by developing a dedicated innovation team in our organization — a rarity in the world of institutional investment — to incubate, validate and develop creative vehicles that leverage our competitive advantages.



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## 5. Build knowledge

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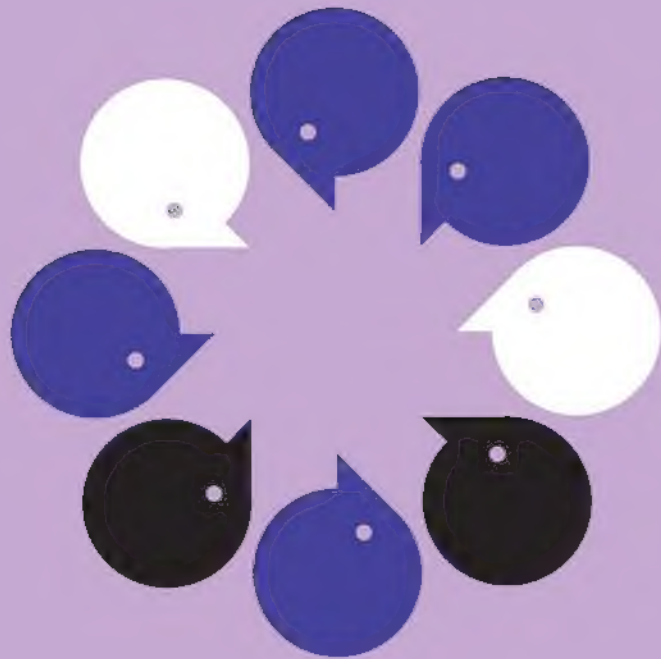
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**“An investment in knowledge pays the best interest.”**

*Benjamin Franklin*

We consider ourselves remarkably lucky to be sitting at the heart of such a knowledge-rich university environment, and we are working to get the right systems, policies and processes in place to capitalize on it. We are putting an emphasis on building a culture of collaboration to break down silos and share information across the organization. We are also investing in high-quality data infrastructure to track portfolios, risks and networks.





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## 6. Team up

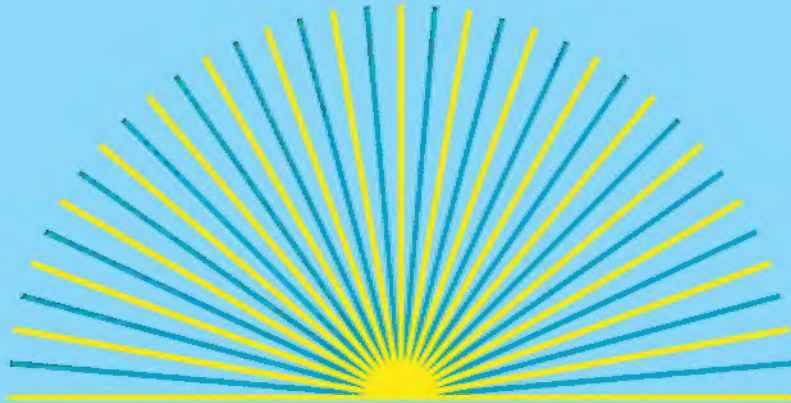
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**“Talent wins games, but teamwork and intelligence wins championships.”**

*Michael Jordan*

We realize that to be successful, we must attract the highest-caliber people who are in alignment with our culture and our long-term approach to investing. We target our recruiting where we are most likely to be successful. The gray: those who’ve had successful careers in the private sector and want a change. The green: bright young recruits who want to accelerate their careers. The grounded: loyal UC alums and others who want to live in California.





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## 7. What makes UC, UC

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**“If you don’t have a competitive advantage,  
don’t compete.”**

*Jack Welch*

As the investment organization for one of the premier public research institutions in the world, we have an abundance of characteristics that, if cultivated appropriately, should be a persistent source of high-quality investment opportunities. Our innovation ecosystem is unparalleled on a global scale, and because we sit at the center of it, we believe we can leverage our unique characteristics in ways that drive investment returns.



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## 8. Perfect alignment

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**“Control your expenses better than your competition. This is where you can always find the competitive advantage.”**

*Sam Walton*

Now more than ever, we need to fully understand what we're paying for. If a third-party manager isn't willing to provide a detailed breakdown of how they make their money from managing our money, then we should be willing to pull our capital and walk away. By having complete transparency and a better understanding of our investment risks, we will reduce misalignment of interests and capture risk-free returns.



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## 9. Human meets machine

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**“You are cruising along, and then technology changes. You have to adapt.”**

*Marc Andressen*

Sitting on our perch here in Silicon Valley, we believe we can use technology to help us streamline and strengthen operations to level the playing field between us and the private financial services industry. In the years ahead, we'll be working with innovative startups to better understand and manage our portfolios and gain greater access to unique markets that had previously been too expensive for us to enter.





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## 10. Centennial performance

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**“We should all be concerned about the future because we will have to spend the rest of our lives there.”**

*Charles Franklin Kettering*

We think of ourselves as an organization that invests for the next 100 years. Our centennial orientation drives us to assess our portfolio in ways that consider the long-term, fundamental challenges facing society like climate change, human rights or corporate governance. We're also working to incorporate a broader set of risks into our decision-making than organizations with shorter time horizons.